1982/1983

ANNUAL REPORT

BC Transit

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BC Transit

The Honourable Grace M. McCarthy
Minister of Human Resources
Province of British Columbia
Victoria, B.C.

Madam:

We have the honour to submit the Fifth Annual Report of BC Transit covering the period April 1, 1982 to March 31, 1983.

F. Macklin

Frederick Macklin
Chairman
June 1983

Board of Directors

Alderman Fred Macklin
Chairman
City of Kelowna

Mayor Derrick Humphreys
Vice Chairman
District of West Vancouver

Alderman Warnett Kennedy
City of Vancouver

Alderman May Brown
City of Vancouver

Mayor John Agnew
District of Mission

Mayor Mel Couvelier
District of Saanich

Mayor Charles Lakes
City of Trail

Mayor Elmer Mercier
City of Prince George

Alderman Frank Carson
City of Victoria

Alderman Alan Emmott
District of Burnaby

Executive Staff

General Manager
Lawrence Miller

Assistant General Manager
Victoria
R.G. (Bob) Lingwood

Assistant General Manager
Vancouver
Larry Ward

Executive Director Corporate
Communications
John Arnett

Executive Director Finance
Dennis Cooney

Executive Director Labour Relations
Dale Olm

CHAIRMAN'S REMARKS

The past year was a year of restraint, renewal and reorganization for BC Transit.

Restraint in our successful efforts to provide transit service within the fiscal guidelines of provincial economic programs and the requirements of municipal governments to reduce spending.

Reorganization in that commissions of locally-elected mayors and alderman were established in Vancouver and Victoria to assume responsibility for local transit decisions in the Greater Vancouver and Capital Regional Districts.

Renewal in that the name of the agency changed from the Urban Transit Authority to BC Transit and a new red, white and blue vehicle colour scheme was adopted.

Despite the serious restrictions on growth and expansion imposed by economic conditions, I am pleased to report that our staff are responding by revising routes and service to improve efficiency and reduce costs without seriously affecting the public's basic mobility. Transit remains an essential service for many people who lack other means of transportation.

Development of transit programs has progressed to the point where approximately 70 per cent of the population of British Columbia is served by public transit. Ninety per cent of these people have a bus stop within 300 metres of their homes.

The decision of the provincial government to endorse the proposal of the BC Transit board to establish transit commissions in Victoria and Vancouver was made in response to two major initiatives:

- the provincial government's continuing program of economic restraint;
- submissions from the two regional districts requesting an administrative restructuring of transit responsibilities.

The restructuring and budget allocations achieved an over-all reduction of $7.1 million in the 1983/84 requested budget.

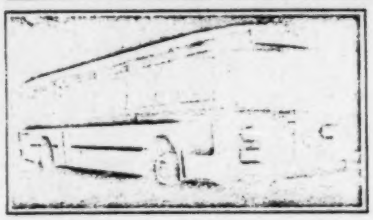
The change in name to BC Transit provided an opportunity to heighten public awareness of the corporation's role in facilitating the provision of public transit across the province.

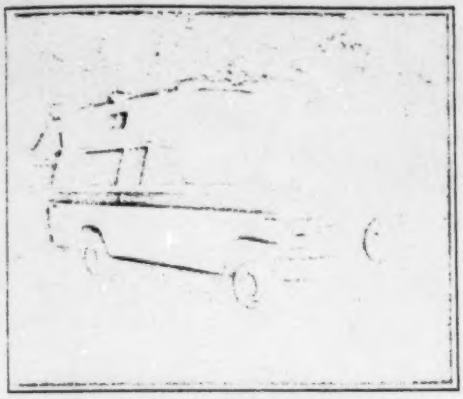
Alderman Fred Macklin, Chairman

While advertising of the name change was limited, "BC Transit" decals were quickly added to buses in Vancouver and Victoria. Our surveys indicate increasing public awareness of the activities and role of the corporation.

The new red, white and blue colour scheme has met with public acceptance. However, it will be several years before the entire fleet appears in our new colours as buses are only being repainted when the need arises, as part of routine maintenance.

Our provincial bus fleet numbers approximately 1400 vehicles, including custom transit vehicles, the two Sea-Bus ferries as well as conventional diesels and electric trolleys.





New colour scheme applied to vehicles of the provincial fleet.
(Top Left) Flyer trolley
(Bottom Left) Orion bus
(Top Right) Weco custom transit van

During the past year, 86 new Flyer trolleys have been delivered for use in Vancouver, with the remaining 159 scheduled for delivery by the end of 1983. We also accepted delivery of 35 Flyer diesel buses, and 31 General Motors buses of which 15 were especially equipped for B.C. terrain. In addition, 20 Orion buses were delivered for service in small community bus systems throughout the province.

The custom transit fleet numbers 140 vehicles, and includes 50 Weco vans, converted in Kamloops to BC Transit specifications for handicapped transportation.

All are equipped with lifts, wheelchair tie-downs and other aids for the disabled. These vehicles have been extremely well-received by the handicapped community and may well set the standard across Canada for transportation for the handicapped.

The highest-profile activity of BC Transit during the past year has been the Advanced Light Rapid Transit project in Vancouver.

Since the sod-turning on the project by Premier Bill Bennett on March 1, 1982 there has been increasing construction activity on the project which culminated in the opening of the 1.1 km demonstration section along Terminal Avenue in Vancouver in June, 1983. This line is expected to attract 600,000 visitors during its five-month period of operation.

Construction of the remaining 20 km of the line is to commence in the fall of 1983.

At the end of the 1982/83 fiscal year, the project had created 729 full-time and 624 part-time jobs, including a project team of 45 persons made of BCT staff and consultants.

As of March 31, 1983 a total of $149 million had been spent on the project. This included down payments of $27 million for the 114 vehicles. Approximately 80 per cent of the balance of $122 million was spent in British Columbia.

I would like to offer my personal congratulations to chairman Jack Davis and members of the Rapid Transit (1986) Committee for the tremendous job that they have done during the year in getting this project up and going.

In summary, I must pay tribute to the man without whose energy, dedication and enthusiasm for transit many of the initiatives that we have taken during the past few years would not have been possible.

I refer, of course to the retiring minister responsible for transit, Hon. Bill Vander Zalm. The ALRT system in particular will be remembered as one of the major transit initiatives in the history of this country and Bill Vander Zalm, with the full support of the premier and his cabinet, can take great credit for making the decision to go ahead.

GENERAL MANAGER'S REPORT

The 1982/83 year presented a number of challenges for BC Transit.

There were major organizational changes in transit administration and the authority responded during the year to significant changes in provincial funding for transit programs.

Construction began in earnest on the Rapid Transit Project and the Authority took delivery of new vehicles, including the first of 245 new-generation electric trolleys for Vancouver and a number of vans for custom and paratransit service.

An executive committee made up of the two assistant general managers and three executive directors was formed in the fall of 1982 to advise the general manager on corporate policy and objectives and to deal with program administration and co-ordination.

The committee co-ordinates the development and implementation of programs and budgets to meet corporate policies and to achieve corporate objectives; co-ordinates internal decision-making processes and monitors the effectiveness of BC Transit programs.

In the area of management information systems, BC Transit initiated a joint computer systems study with Metro Transit Operating Co. to examine the operations, planning and management information needs of the two organizations.

The goal of the study is the rationalization of existing computer systems and a mechanism to facilitate dissemination of all systems information in the most cost-effective and efficient manner.

Co$time, an advanced automated project management system, is now in use on the ALRT project. Developed and marketed by a Canadian firm, this system allows the project team to monitor the project schedule and contract costs on a "real-time" basis.

Lower Mainland Division

Staff of the Lower Mainland office of BC Transit continued to monitor the Greater Vancouver Transit System operated by the Metro Transit Operating Co. and the District of West Vancouver.

In line with board objectives, the staff worked towards revising routes to improve system efficiency and to reduce costs without seriously curtailing the public's ability to ride.

December 17, 1982 saw the introduction of the 25 King Edward crosstown route, a major system link which runs from major centres in Burnaby through Vancouver to the University of B.C. Staff were also involved with regional planners in developing preliminary service standards for the Greater Vancouver system. This work formed part of the basis for service changes implemented on April 8, 1983.

The year also saw major planning work completed on revisions to the West Vancouver system. Service

adjustments, which included a new express service from Horseshoe Bay to Vancouver, were to be implemented early in the 1983/84 fiscal year.

Further planning work was done on the Fraser Valley systems in Maple Ridge, Mission and Chilliwack. Bus stop plans were developed and approved and implementation began. A major revision to service occurred in Maple Ridge for the first time since 1979. Planning of the proposed Abbotsford-Matsqui system was completed but implementation was postponed until sufficient funds were available from BC Transit.

Major improvements in productivity were achieved by the Greater Vancouver Custom Transit handyDART system. With 3.5 per cent more hours of service available than during 1981/82, the nine operators increased ridership over the previous year by more than 21 per cent. With 76 vehicles and four spares, 365,000 trips were provided to eligible users and their attendants. This was 10 per cent more rides than targeted for in 1982/83. Average monthly ridership increased from 29,000 to 32,000. Over the course of the year, an increase of about 10 per cent.

For planning purposes, staff continued to monitor and review custom transit operations with the assistance of a computer program specially designed by BC Transit staff for this purpose.

Following completion of a feasibility study, the Abbotsford-Matsqui Custom Transit system was implemented in the adjacent Fraser Valley municipalities on July 1, 1982.

Lower Mainland BC Transit staff worked with the Advanced Light Rapid Transit project team to ensure that the interfaces at stations between the conventional bus system and the rapid transit line are effective. Staff also initiated and participated in the B.C. Place task force, were subsequently involved in the development of a concept plan and during early 1983 began work on the detailed service requirements for stadium events.

In conjunction with staff of the affected municipalities, staff of the research division examined the future extension possibilities to the first phase of the Advanced Light Rapid Transit system. Preliminary work was completed as staff reviewed the planning context for proposed extensions, defined possible alignments, considered the functional specifications and assessed capital and operating costs of the proposals.

Research staff also undertook to consider the total transit need in the Fraser Valley. The development of a transit concept plan for the area together with its financial implications, began during the year.

Capital Division

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The Capital Division is responsible for administering annual operating agreements and providing BC Transit's range of planning services to conventional, custom and paratransit systems in the Capital Region and 28 other municipalities through the province. As of the end of 1982/83, the division administered 36 annual operating agreements.

During the year, two new custom transit systems, in Alberni-Clayoquot and Penticton, and four new paratransit systems, in Quesnel, Princeton, Central Kootenay and Summerland, joined British Columbia transit programs.

In the past year, $8.7 million in provincial funds were directed to the Capital Region to subsidize the conventional and custom systems. An additional $7.2 million funded the

operation of conventional, custom and paratransit systems for the small community systems program.

In total, a 14.3 per cent increase in provincial funding was required for transit services in these areas. However, in mid-year, restraint measures were introduced, leading to spending reductions. In the Capital Region (Victoria) budget, this was accomplished without affecting the level of service.

In other systems, service reductions were made to meet municipal budget requirements or to stabilize declining productivity. The decline in productivity, brought on by reduced ridership, was apparent by mid 1982, after a strong fourth quarter in 1981/82.

Ridership declines attributed to the recession were particularly evident in communitites with resource-based economies. Between January and mid-March, the impact of ridership and revenue declines necessitated service reductions ranging from 10 to 17 per cent in Kamloops, Prince George and Kootenay-Boundary (Trail).

System revenues fell below budget by one per cent in the Capital Region and were up to 10 per cent below budget in the small community systems. In the fourth quarter of 1982/83, the revenue and productivity declines stabilized and exhibited a moderate upward trend towards former levels.

In the second half of the fiscal year, the division's planning programs in the Capital Region and the small communities focused on longer-term comprehensive planning, with a strong emphasis on short-term service and financial components to abate the immediate impacts of the recession.

Although conventional bus systems were under recessionary pressures throughout the year, custom transit systems continued to increase in productivity and total riders. In the Capital Region, productivity, as measured by the number of riders per hour of service, posted a 10 per cent gain.

Traditionally high-performing systems, such as Kamloops and Prince George, maintained this status, while the Vernon custom transit system progressed substantially to achieve the highest productivity rate in the province.

This trend permits the development of an orderly, longer-term planning program. This division's approach to custom transit planning is following this course to meet the special needs of disabled clients, while maintaining efficiency in the delivery of this service.

6 Finance and Physical Assets

General reporting and control procedures, with emphasis on the cash management responsibilities and investment policy of the Authority, continued to be the finance division's primary areas of activity during the year.

Lease contracts totalling $35 million for part of the new trolley bus fleet for Vancouver and the new diesel buses operating in Victoria and Vancouver were negotiated with financial institutions through the Ministry of Finance as fiscal agent.

The finance division co-ordinated the establishment of policies and procedures to guide the ALRT project and established the necessary general accounting and reporting formats for the project.

A study was initiated to develop a new on-line accounting system to provide faster and more accurate reporting capabilities.

The transit properties section was involved in work on a total of 15 capital projects plus nine studies. These included:

- expansion of the MTOC Victoria transit administration building;
- leasehold improvements for BC Transit's headquarters office in Victoria;
- relocation and leasehold improvements for the fleet support centre in Victoria;
- replacement and upgrading of the Cambie Garage roof in Vancouver.

Construction projects which started in 1982/83 and will be operational in 1983 include:

- Lonsdale Quay bus loop at the northern terminus of Sea-Bus.
- B.C. Place Stadium special event bus parking facility.

Major planning studies and design projects which were underway included the design of the new West Vancouver transit centre, development of an inspection program for the trolley overhead system, design of the new University of British Columbia bus loop, bus interface design for ALRT stations, the Major Assets Study — an examination of future maintenance facility expansion requirements in Greater Vancouver, a detailed analysis of the upgrading requirements for the Oakridge Transit Centre and development of an implementation plan for these projects.

During the year, 86 of the 245 trolley buses on order from Flyer Industries in Winnipeg were delivered for service, with the rest scheduled for delivery by the end of 1983.

The purchase of 53 custom vans, including both raised-roof models with wheelchair lifts and low-roof models for ambulatory passengers was authorized by the Board for the custom transit program.

The fleet support centre was relocated from North Vancouver to Victoria to provide closer liaison with MTOC, the parts rebuilding contractor and BC Transit head office.

To improve safety of custom transit vehicle service, an audit was made of all vehicles in service. Where required, vehicles were modified to provide forward-facing seats and BC Transit wheel-chair tie-downs to meet BC Transit safety standards.

Labour Relations 7

The Labour Relations branch increased its involvement with public and private transit operators by improving the availability of background information regarding collective bargaining and industrial relations in the transit field.

The board policy on wage increases, governed by the Compensation Stabilization Program guidelines increased the profile of BC Transit with those operators who were involved in collective bargaining.

This was particularly evident with custom transit operators, some of whom were adjusting to their involvement with a union in a collective bargaining relationship for the first time.

The average eight per cent increase include settlements negotiated prior to the Compensation Stabilization

Program and the final increase of those settlements implemented during the fiscal year.

The average settlement in the private sector over that same period was 8.98 per cent and in the public sector was 8.19 per cent. Man-days lost in transit during the fiscal year due to work stoppages totalled 1,700 due to a one-day work stoppage in Greater Vancouver.

The renegotiation of BC Transit's collective agreement with its employees represented by the BCGEU took place during the year. A two-year agreement was signed by BC Transit and the union. The staff complement of BC Transit remained at 82 positions. Vacancies were filled towards the end of the fiscal year due to the expansion of work created by the termination of the transit function in the metropolitan regional districts.

Corporate Communications

Creating public awareness of the change in name of the Authority to BC Transit, along with the design and implementation of a new color scheme for the provincial bus fleet, were among the major activities of the Corporate Communications branch during the year.

The new red, white and blue colour scheme for the bus fleet, received with considerable public favor across the province, was designed by the Authority's graphics group, as was the new BC Transit stationery logo.

A planned advertising program to inform the public of the name-change was not undertaken for economic reasons. However, through new bus signage, re-designing of regularly issued information materials and other activities there was increasing public awareness of the role of BC Transit in British Columbia.

The branch continued to play a major role in the development of public information strategies for the Advanced Light Rapid Transit project to keep the public fully informed of all aspects of the project.

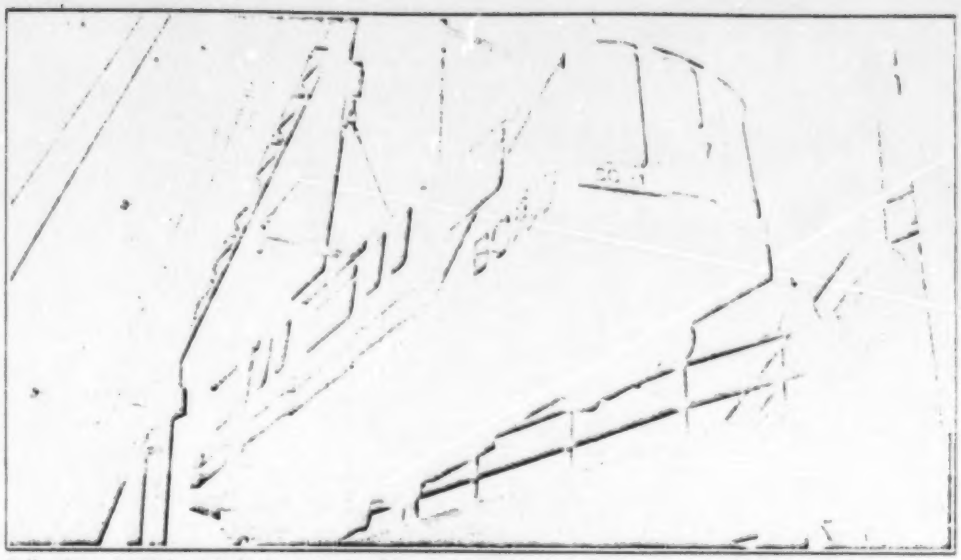
Production of the major information tool of the corporation, the Commuter tabloid, was altered. Publication as a quarterly newsletter is intended to maintain a presence in communities throughout B.C.

While budget restrictions reduced the number of publications produced by the branch during the year an aggressive public information program utilizing low-cost public displays, slide shows, news releases and media events was undertaken.

A program to improve the quality and quantity of information on handyDART service commenced in 1982. Staff assisted in organizing workshops for handyDART users in Kamloops, Kelowna and Victoria.

Aside from the large volume of reports, timetables, system information material, displays, slide shows and advertisements, the branch's graphics department also produced a custom transit driver's manual, the annual report, a new format for handyDART information brochures and a new, space-efficient, easier-to-read timetable format which was used in the new Victoria, Western Communities and Saanich Peninsula timetables.

Due to the restraint program, there were no province-wide transit merchandising campaigns, as in previous years. However, newspaper ads were produced for all service and fare changes. Special individual promotions e.g. ticket sales, summer service and special events, were also mounted. Other activities included the purchase of decals, bus stop signs, transfers, tickets, passes and pass promotion material.



Following a 5,000 km trip by truck across Canada from Kingston, Ont. test track of UTDC, the first rapid transit cars were hoisted atop the demonstration line guideway after a trackside unveiling ceremony. In 1986 there will be 114 cars operating on the completed 21.4 km line.

Rapid Transit Project

Activity leading to construction of the 21.4 km first-phase line of Vancouver Regional Rapid Transit kept steady progress despite a month-long shutdown due to labour-management differences in the construction trades.

Construction of the 1.1 km demonstration line along Terminal Avenue and of the Main Street Station was all but complete by the end of the fiscal year.

Crowning the year's achievements was the March 25, 1983 ceremony which saw rapid transit vehicles BC1 and BC2 hoisted up onto the guideway to become the train for the five-month demonstration ride and exhibit, scheduled to open in late June 1983.

During the year the project saw the peak of planning, design and engineering actvity for the system guideway, the 15 stations, the maintenance yard and control centre.

To March 31, 1983, some 67 major design, supply and construction contracts were awarded for the project, while 65 lesser contracts and service orders were issued. Covered in such agreements are construction of 250 Linear Induction Motors (LIM) for the Vancouver system's 114 cars by Bennett and Emmott of Richmond, fibreglass end caps for the cars, vehicle command and control systems, substation electrical components, tracks supply and installation.

The project experienced wider public acceptance during the year, due to successful public information programs which included major exhibits in Vancouver, Burnaby and New Westminster. A large number of speaking engagements and audio-visual presentations were made to schools, business and community groups. Information kits containing progress reports, brochures and semi-technical articles were distributed widely and there was extensive news and feature coverage in the media of project events and progress.

The BC Transit board of directors set the course for possible future expansion of Vancouver Regional Rapid Transit during the year, when it approved a preliminary engineering study of the proposed Fraser River rapid transit crossing into Surrey.

BRITISH COLUMBIA TRANSIT

BALANCE SHEET

As at March 31, 1983

Assets	1983 ($000)	1982 ($000)
Operating Division		
Current Assets		
Accounts receivable		
Province of British Columbia	$ 744	$ 3,854
Municipalities	13,725	14,081
Sundry	301	184
Prepaid expenses	79	121
	14,849	18,240
Fixed Assets (note 3)	410	295
	15,259	18,535
Asset Division		
Current Assets		
Cash and term deposits	12,565	105,094
Accrued interest and accounts receivable	664	872
Receivable from the operating division	194	2,952
Parts inventory	383	530
Prepaid expenses	170	145
	13,976	109,593
Fixed Assets		
Land, buildings and equipment (note 4)	197,827	157,244
Advanced light rapid transit (note 5)	158,719	39,851
Commuter rail	2,358	958
	358,904	198,053
	372,880	307,646
	$ 388,139	$ 326,181
Special Purpose Fund		
Cash and Term Deposits	$ [illegible]	$ [illegible]

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Approved by the Board

Director

Director

Liabilities and Equity

	1983 ($000)	1982 ($000)
Operating Division		
Current Liabilities		
Accounts payable and accrued liabilities	$ 603	$ 818
Payable to contractors	13,113	14,451
Deferred revenue	1,064	29
Payable to asset division	194	2,952
	14,974	18,250
Equity		
Contributed surplus	285	285
	15,259	18,535
Asset Division		
Current Liabilities		
Accounts payable and accrued liabilities	20,864	2,445
9.25% Note payable – Province of British Columbia	20,000	55,000
Current obligations under capital leases	1,239	258
	42,103	57,703
Obligations Under Capital Leases (note 6)	34,402	8,501
Long Term Debt (note 7)	92,304	55,000
Equity		
Contributed surplus	204,661	183,031
Retained earnings (deficit)	(590)	3,411
	204,071	186,442
	372,380	307,646
	$ 388,139	$ 326,181
Special Purpose Fund		
Fund Balance (note 11)	$ 229	$ 866

Commitments (note 8)

Contingent liability (note 9)

Unresolved matter (note 10)

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BRITISH COLUMBIA TRANSIT

OPERATING DIVISION

Statement of Revenue and Expenditure

Year Ended March 31, 1983

	1983 ($000)	1982 ($000)
Revenue		
Contributions from the Province of British Columbia		
Transit	$ 76,584	$ 79,052
Research and demonstration projects and special services	22	80
Contributions from municipalities		
Transit	29,452	25,138
Research and demonstration projects	45	27
Transit operations	69,227	57,772
Interest earned	37	188
	175,367	162,257
Expenditures		
Transit operations		
Operating and maintenance	159,179	142,831
Vehicle lease fees	3,364	5,358
Property lease fees	2,271	4,364
Increment and financing charges	1,847	2,532
Municipal administration	2,976	1,762
Merchandising	1,239	1,289
Other	49	294
	170,925	158,430
Authority administration		
Salaries and employee benefits	2,676	2,127
Office operations	756	677
Professional fees	273	273
Travel	281	291
Marketing	125	133
Personnel	37	95
Directors' fees and expenses	62	52
Depreciation	69	46
Sundry	96	26
	4,375	3,720
Research and demonstration projects	67	107
	175,367	162,257
Net Revenue	$ —	$ —

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BRITISH COLUMBIA TRANSIT

ASSET DIVISION

Statement of Revenue and Expenditure and Retained Earnings (Deficit)

Year Ended March 31, 1983

	1983 ($000)	1982 ($000)
Revenue		
Vehicle lease fees	$ 3,365	$ 5,358
Other lease revenue	2,468	4,442
Financing charges - operating division	1,847	2,532
Interest earned	1,557	1,231
Other	11	18
	9,248	13,581
Expenditures		
Depreciation	6,369	5,755
Interest	1,847	2,603
Property taxes and other property expenses	1,794	1,697
Interest on obligations under capital leases	1,506	679
Property leases	709	631
Vehicle repairs	31	126
Financing fees	83	
Insurance	51	
Vehicle leases		28
Other	59	36
	12,449	11,555
Revenue (expenditure) before extraordinary item	(3,201)	2,026
Extraordinary item		
Parts inventory transferred to Metro Transit Operating Company	800	
Net Revenue (Expenditure) for the Year	(4,001)	2,026
Retained Earnings at Beginning of Year	3,411	1,385
Retained Earnings (Deficit) at End of Year	$ (590)	$ 3,411

BRITISH COLUMBIA TRANSIT

ASSET DIVISION

Statement of Contributed Surplus

Year Ended March 31, 1983

	1983 ($000)	1982 ($000)
Balance at Beginning of Year	$ 183,031	$ 97,659
Appraised value of land improvements and buildings transferred from British Columbia Hydro & Power Authority	13,910	1,913
Appraised value of land, land improvements, buildings and equipment transferred from the Province of British Columbia		23,459
Grant from the Province of British Columbia, being equal to interest on the $55,000,000 loan payable to the Province	7,720	
Grant received from the Government of Canada with respect to the acquisition of the advanced light rapid transit project		60,000
Balance at End of Year	$ 204,661	$ 183,031

BRITISH COLUMBIA TRANSIT

SPECIAL PURPOSE FUND

Statement of Revenue and Expenditure and Fund Balance

Year Ended March 31, 1983

	1983 ($000)	1982 ($000)
Revenue		
Interest	$ 50	$ 225
Expenditures		
Consulting	29	743
Recruitment	231	30
Computer	10	92
Office supplies		8
Legal		46
Other	17	17
	287	936
Excess of Expenditure over Revenue	237	711
Fund Balance at Beginning of Year	866	1,577
	629	866
Funds repaid to the Province of British Columbia	400	
Fund Balance at End of Year	$ 229	$ 866

BRITISH COLUMBIA TRANSIT

NOTES TO FINANCIAL STATEMENTS

Year Ended March 31, 1983

1. STATUS OF THE AUTHORITY

The Urban Transit Authority of British Columbia was created by the Province of British Columbia on June 29, 1978 under the Urban Transit Authority Act. The majority of the sections of the Act were brought into force by Proclamation on July 20, 1978. During 1982 the title of the Act and the name of the Authority were changed to the British Columbia Transit Act and British Columbia Transit respectively.

2. ACCOUNTING POLICIES

(a) Operating division

The operating division consists of those assets, liabilities, revenues and expenditures which relate to the provision of transit services and the administrative activities of the Authority, the deficits of which are fully-cost-shareable between the participating municipalities and the Province of British Columbia in accordance with the provisions of the British Columbia Transit Act and the related regulations. The vehicle and property lease fees expensed in the operating division are those charged by the asset division for the lease of assets used in transit operations.

(b) Asset division

The asset division consists of those assets, liabilities, revenues and expenditures which relate to the revenue equipment and other physical assets owned by the Authority and leased to its contract operators for use in the provision of transit services.

(c) Fixed assets

Fixed assets have been recorded as follows:

(i) Fixed assets transferred from the Province of British Columbia, in fiscal year 1980, at appraised value. This appraisal for revenue vehicles was carried out by General Appraisal of Canada Limited as at June 30, 1979.

(ii) Revenue vehicles acquired from British Columbia Hydro & Power Authority pursuant to the Metro Transit Operating Company Act at appraised value. This appraisal was carried out by General Appraisal of Canada Limited as at March 1, 1980.

(iii) Seabuses, the South Shore and North Shore Seabus Terminals, acquired from the Province of British Columbia, at appraised value. The appraisal of the seabuses and the South Shore Seabus Terminal was carried out by General Appraisal of Canada Limited as at July 15, 1980. The appraisal of the North Shore Seabus Terminal land was carried out by General Appraisal of Canada Limited as at April 1, 1981 and of the buildings and improvements as at June 30, 1981.

(iv) Land, land improvements, buildings and equipment acquired from British Columbia Hydro & Power Authority pursuant to the Metro Operating Company Act, at appraised value. The appraisals were carried out by General Appraisal of Canada Limited as at the following dates:

Transit Administration Centre — SW Marine Drive	- June 9, 1980
North Shore Bus Garage — land	- April 1, 1981
North Shore Bus Garage — buildings and improvements	- June 30, 1981
Gilmore property — land	- March 15, 1982

Gilmore property — buildings and improvements - May 15, 1982
Edmonds bus loop — land - April 1, 1982
Other land - April 1, 1980
Other buildings and land improvements - March 1, 1981

All appraisals are fair market value appraisals with the exception of that used for other buildings and improvements which are appraised at depreciated replacement cost.

(v) All costs related to the advanced light rapid transit (ALRT) and commuter rail projects have been capitalized including interest expense as indicated in note 2(d). Interest earned on funds received from the Federal and Provincial Governments has been credited to the ALRT project. No depreciation has been claimed on these projects.

(vi) All other fixed assets at costs, including capitalized interest as indicated in note 2(d).

Depreciation is provided on the straight-line basis using the following annual rates:

Furniture and equipment	10%
Leasehold improvements	20%
Revenue vehicles	
Diesel	5%
Appraised revenue vehicles	Remaining useful life
Vehicles under capital leases	Remaining lease term
Buildings	Remaining useful life
Land improvements	Remaining useful life
Equipment	Remaining useful life

(d) Capitalization of interest

The Authority follows the policy of capitalizing interest incurred in connection with capital acquisitions from the date of advance of funds until the assets are placed in service for transit purposes. During the year, interest on long term debt of $13,808,000 and interest on obligations under capital leases of $930,000 was capitalized.

(e) Government assistance

Government assistance received with respect to the advanced light rapid transit project has been credited to contributed surplus and will be credited to the project upon completion of construction and commencement of revenue service. To March 31, 1983 the amounts of grants received from the Province of British Columbia and the Federal Government total $67,720,000.

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3. FIXED ASSETS

	1983			1982
	Carrying value ($000)	Accumulated depreciation ($000)	Net ($000)	Net ($000)
Furniture and equipment	$ 402	$ 84	$ 318	$ 241
Leasehold improvements	141	49	92	54
	$ 543	$ 133	$ 410	$ 295

4. LAND, BUILDINGS AND EQUIPMENT

	1983			1982
	Carrying value ($000)	Accumulated depreciation ($000)	Net ($000)	Net ($000)
Land	$ 46,314	$	$ 46,314	$ 36,567
Land improvements	4,653	413	4,240	4,010
Buildings	50,567	3,248	47,319	42,990
Revenue vehicles	74,476	11,741	62,735	44,202
Revenue vehicles under capital leases	36,609	1,235	35,374	8,536
Equipment	520	101	419	370
Projects in progress	1,426		1,426	152
	214,565	16,738	197,827	136,827
Deposit on revenue vehicles				20,417
	$ 214,565	$ 16,738	$ 197,827	$ 157,244

5. ADVANCED LIGHT RAPID TRANSIT

	1983 ($000)	1982 ($000)
Prime contract (Metro Canada Limited)		
Fixed price	$ 34,208	$ 24,549
Cost reimbursable	51,296	9,736
Construction	23,894	
Other	3,326	3,056
	112,724	37,341
Properties and right-of-ways	30,956	292
Project management and architectural design	13,674	2,270
	157,354	39,903
Next interest expense (income)	1,365	(52)
	$ 158,719	$ 39,851

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6. OBLIGATIONS UNDER CAPITAL LEASES

The total obligation under capital leases is $35,641,000 of which $1,239,000 is the principal due within one year.

The obligations under capital leases which mature at various dates from 1993 to 2001, represent the total present value of future minimum lease payments discounted at the interest rates implicit in the leases at the commencement of lease term. These rates range from 7½% to 18%.

Total minimum lease payments for each of the next five years will be approximately $4,900,000 or a total of $24,500,000. Of these payments approximately $17,000,000 will constitute interest.

7. LONG TERM DEBT

	1983 ($000)	1982 ($000)
Prime less .75% loan payable, Province of British Columbia, interest to be waived as a grant from the Province, principal due on commencement of revenue service of the advanced light rapid transit system	$ 55,000	$ 55,000
Prime less .75% loan payable, interest payable monthly, principal due August 13, 1985	20,000	
15.54% Debenture, interest payable semi-annually, sinking fund installments of $378,127 payable annually, due September 10, 2002	17,304	
	$ 92,304	$ 55,000

The loans of $20,000,000 and $17,304,000 are secured by guarantee of the Province of British Columbia.

8. COMMITMENTS

Effective March 31, 1981 the Authority entered into an agreement with Metro Canada Limited for the design and construction of an advanced light rapid transit system for operation in the Greater Vancouver region. As at March 31, 1983 the approved estimate of the total contract price was approximately $534,500,000 and the total approved price of the project, including design, construction and land acquisition, was approximately $729,000,000, of which $157,354,000 has been incurred to March 31, 1983.

At March 31, 1983 the Authority was committed to purchase 159 revenue vehicles for approximately $23,000,000.

9. CONTINGENT LIABILITY

During 1982 the Authority received $60,000,000 from the Government of Canada to be applied to the advanced light rapid transit project. The Authority is contingently liable for repayment of some or all of the funds in the event of non-compliance with certain provisions of an agreement dated February 26, 1982.

10. UNRESOLVED MATTER

Although required under the regulations to the British Columbia Transit Act, no lease fees have been charged by the asset division to the operating division for vehicles and properties acquired for nominal value from British Columbia Hydro and Power Authority and the Province of British Columbia. An amendment to the regulations is anticipated, retroactive to April 1, 1982, eliminating the obligation of the Authority to charge these lease fees. The amount of lease fees not charged is approximately $5,300,000 which, if charged, would have been cost-shared between the Province of British Columbia and the participating municipalities.

11. SPECIAL PURPOSE FUND

On March 31, 1980 the Authority received $2,050,000 from the Province of British Columbia for the purpose of funding the start-up costs of the Metro Transit Operating Company. The portion of these funds not expended for this purpose is repayable to the Province of British Columbia.

THORNE
RIDDELL

Chartered Accountants

AUDITORS' REPORT

To the Members of the Board of
British Columbia Transit

We have examined the balance sheet of British Columbia Transit as at March 31, 1983 and the statements of operating division revenue and expenditure, asset division revenue and expenditure and retained earnings (deficit), asset division contributed surplus and special purpose fund revenue and expenditure and fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the British Columbia Transit as at March 31, 1983 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddell

Chartered Accountants

Victoria, Canada
June 3, 1983

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BC TRANSIT SYSTEMS

BC Transit

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